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C O N F I D E N T I A L SECTION 01 OF 03 BANGKOK 007305

SIPDIS

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TAGS: [PGOV](#) [PHUM](#) [PREL](#) [TH](#)

SUBJECT: BESIEGED AUDITOR-GENERAL TALKS TO EMBASSY ABOUT  
CORRUPTION AND AIRPORT PROCUREMENT SCANDAL (GE INVISON)

REF: A. BANGKOK 7253

[B](#). BANGKOK 7100

[C](#). BANGKOK 6240

[D](#). BANGKOK 5917

Classified By: Political Counselor Susan M. Sutton. REASON: 1.4 (D)

[1](#)1. (C) Summary. Poloff spoke with Khunying Jaruwan Maintaka, the besieged Auditor-General of Thailand, on November 14th concerning her controversial situation and about corruption in Thailand. Although Jaruwan has avoided speaking to the press and stays out of the public eye, she gave Poloff an unusually candid and detailed account of the multitude of scandals in the Thaksin administration and of the Thai Rak Thai's consolidation of political power. Jaruwan also made a request for information concerning the CTX GEInVision scandal, and provided documentation to pass to the DoJ legal attach. End Summary.

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JARUWAN LAYS OUT THE BASICS  
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[1](#)2. (C) Poloff met Khunying Jaruwan Maintaka on November 14 in a private meeting room in the Thai Senate. She was accompanied by her lawyer, who was as brash and self-promoting as Jaruwan is quiet and self-effacing. Jaruwan has kept a low profile personally for the past 18 months as the controversy about attempts to replace her as Auditor-General has grown. Jaruwan explained that the Asian way of dealing with issues to resolve them peacefully, and that everyone benefits by saving face and not increasing tensions in an over-politicized issue. She added that she wants the legal and constitutional mechanisms to work. But most importantly, Jaruwan firmly believes that the quiet support from King Bhumibol sends the strongest message of all, and that nothing she says or does can top that.

[1](#)3. (C) But despite her belief that she holds the moral high ground, Jaruwan has been neutralized for over 18 months and stands a good chance of remaining neutralized for good. Jaruwan is up against some very powerful political foes, most notably Prime Minister Thaksin Shinawatra. Jaruwan said candidly that the Prime Minister is very aware of the corruption that takes place within his government, and that his administration would fall apart if she were allowed to fully pursue these numerous incidents of graft and bring them to light. Jaruwan noted that Thaksin allies (and in one instance, Thaksin's sister) repeatedly tried to bribe her. Her continued refusals to be suborned amid her deeper probes into the CTX GEInVision equipment graft, however, was the issue that led to the effort to remove her from office.

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CTX REVISITED AND OTHER SCANDALS  
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[1](#)4. (C) Jaruwan is no stranger to Bangkok's nearly complete Suvarnabhumi airport, as she has been auditing its USD \$3.7 billion expenditures since she went to work for the Office of the Auditor General in 1997. The CTX scandal, she claims, has been heavily publicized due to the amount of money involved and because it involves a US company. It is, however, just one of many cases of corruption at the airport. Jaruwan mentioned a one billion baht (\$25 million USD) loan involving the Siemens company of Germany, and numerous buildings in and around the airport where the government had been overcharged. Jaruwan was prepared to hold Thaksin directly accountable for these grafts, as she showed Poloff a copy of a document where he gave significant powers to one of the airport committees by allowing them to appoint contracts without bidding.

[1](#)5. (C) Jaruwan provided three memoranda to Poloff to forward to the U.S. Department of Justice. The first two documents were summaries of the U.S. and the Thai laws that were broken from the CTX scandal. The third document was a three-page summary of the evidence to support the allegations in the first two documents. Jaruwan also formally requested that the Poloff provide, at a later date, the names of eight Thais mentioned in Appendix B of the US DOJ report on the InVision scandal. (Comment: all three memorandums were passed to Embassy Bangkok LEGATT on the same day as the meeting. We will inform Jaruwan, as we have others inquiring, that we have an MLAT with Thailand and that this

is the mechanism we must rely on for cooperation on this subject. End Comment.) Jaruan commented that she thought it was a mistake that the scandal had been put to bed so quickly by the US DOJ, and wished GE had sent officials to Thailand to meet with her (which, according to her, they couldn't do in accordance of the conditions in the US DOJ settlement agreement).

16. (C) Jaruan mentioned other cases involving people at the very top of Thai politics. One such case involved a building renovation contract coordinated by House Speaker Uthai Pimchaichon. Jaruan estimated that the cost of renovation should have been 20 million baht (\$500,000 USD), but the total bill came to over 100 million baht (\$2.5 million USD). Jaruan claims that Uthai tried to bribe her on six separate occasions to persuade her to stop the audit, each time offering significantly more money (and, according to Jaruan, at one time offering a six bedroom house). Jaruan said that the initiatives to nullify her stature as Auditor-General began with Uthai, and that they only began after she refused the final bribe. In another case, Transport Minister Suriya Jungrungreangkit personally asked Jaruan to withdraw from a case involving extremely rare government loans to private sector businesses to finance a new southern ring road near Bangkok. The most recent case potentially reaches to Thaksin himself. Thaksin recently traveled to France and may have been involved with securing the purchase of four satellites by Shin Satellite--the company founded by Thaksin and currently owned by members of his family--from a French company at a cost of \$68 million each. The price tag of a failed bid to purchase similar satellites from a U.S. company last year was only \$28 million each.

17. (C) Jaruan also spent a significant portion of time mentioning a slew of other cases involving government corruption. Because of the restraints slapped on her until her status is sorted out, no official investigations have begun since 2003 and many of these cases received no mention in the press and media. Among the incidents Jaruan mentioned were graft involving the 30 Baht health care scheme; several road construction projects; a waste-water plant in Songkhla worth 300 million baht but built at a cost of 600 million baht; a scandal involving rubber trees in Southern Thailand; and a pharmaceutical scandal involving a 600 million baht overcharge on 300 million baht worth of drugs.

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WHO'S (NOT) INVOLVED WITH CORRUPTION?  
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18. (C) Jaruan tends to believe that Thaksin is corrupt primarily for the purpose of gaining power, not money. Jaruan appeared hesitant to outright insult the Prime Minister, but her lawyer wasn't shy and said that Thaksin is obsessive about power, has a huge ego, and wants to have total control over the country. Jaruan believes that Thaksin is aware of corrupt practices from members of his own party, and he tolerates them because of their loyalty in supporting his political and personal agenda. Jaruan said that the reason Thaksin wants her neutralized is because her actions would expose the depth of the Thai Rak Thai's corruption. Jaruan insisted that there will be no progress in fighting corruption as long as Thaksin remains in power: Thaksin was "beyond hope for washing his hands of corruption."

19. (C) Many Ministers, the House Speaker, and a plethora of MPs are implicated in corruption, but Jaruan is perhaps most concerned about the influence Thaksin has over the Senate, which is by design supposed to be a non-partisan legislative body that ultimately keeps powerful political parties and government agencies in check. Jaruan believes that a majority of the 200-member body is under the influence of Thai Rak Thai, although there are also a fair number of Senators that are 'untouchable' and have put up a stiff fight for her. Jaruan has witnessed her own support in the Senate fade despite her track record of hard work and honesty, and believes that it is completely due to TRT influences. Jaruan believes that the number of Senators under TRT influence has grown over time, with some being bought off directly while others were blackmailed by TRT officials for exposing skeletons in their closet. (Comment: the TRT has been known to go back years into a political opponents career and air the dirty laundry long after tolerating it at the time of the issue. End Comment.) She also believes that some Senators are jockeying for positions after their term in the Senate expires in March 2006 and leaves them unemployed, and who better to impress than the most powerful Prime Minister in recent times?

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"MUCH MORE SERIOUS THAN YOU THOUGHT"  
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10. (C) Jaruwan is concerned that Thailand's separation of powers is shrinking to the point where the branches of government are inseparable, and that Thaksin will become an authoritarian ruler. Jaruwan's attorney didn't hesitate to chime in that he thought an "unplanned change" of Thailand's leadership is inevitable--perhaps within the next two months--if Thaksin's authoritarian practices didn't stop. Although Jaruwan didn't state anything that went as far as her attorney's outspoken agenda, she does believe that the curtailing of her powers and that of other agencies to check corrupt people in government is part of a larger issue facing Thailand. Commented Jaruwan: "the situation is much more serious than you thought."

11. (C) Yet despite the generally grim comments from Jaruwan and her attorney, Jaruwan hasn't given up the fight, and believes that Thaksin's powers can be checked without resort to the popular uprising predicted by her attorney. Jaruwan still has many friends in the Senate and in the State Audit Commission -- even if they are a minority. Her Senate supporters always ensure that a strong fight goes on the record, and the Audit Commission narrowly voted against reinstating Jaruwan by a 5-4 vote. Jaruwan also has the clear support of the few remaining 'free' media outlets in Thailand, as well as popular support, at least among the newspaper-reading classes.

12. (C) But most importantly, Jaruwan truly believes she has the support of the King, and that if the Senate eventually does forward another nominee, he will withhold his endorsement, as he did with previous nominee Wisut (reftels C and D). There is no greater ally to have in Thailand than the King, whose moral authority are unquestioned here. Jaruwan is convinced she has the King's support for many reasons. First, at the time she was appointed to be Auditor-General in 2001, she claims the King firmly gripped her hand as he gave her a pin signifying her position, an act which many Thai would view as unusual and very significant. Second, Jaruwan says she has already provided the King with summaries of the incidents of graft, and that he expressed his gratitude for her efforts. Lastly, Jaruwan claims that she has quietly received an offer from the Palace to receive her salary for her entire five-year term, regardless of whether she returns to her post or not. (Comment: The King's refusal to endorse the replacement for Jaruwan sent up by the Senate was a slap in the face for TRT, and we agree that he will most likely hold the line if another nominee is forwarded to him. However, it is unclear what more the King might be able to do to show support for Jaruwan, given constitutional limitations on his role.)

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WHAT'S NEXT  
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13. (C) Jaruwan dismissed the rumors that she would run for Senate next year, because that would force her to abandon the fight for Auditor-General, which she believes is far more important. Although Jaruwan has been very quiet publicly, she has clearly been working behind the scenes on exposing Thailand's corruption. In addition to her unofficial investigating into government graft, she has been working with Thai communities and students in the U.S. and Australia to publish books about Thailand's corruption. Jaruwan's attorney said he was planning to file a complaint with the UN High Commission on Human Rights, and to file a claim in a U.S. Federal District Court under Title 28, Section 1350, part IV, Chapter 8--Alien Action for Tort.

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COMMENT  
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14. (C) The Thai public has a relatively high tolerance for a certain level of corruption. By regional standards, Thailand is not a big offender, and corruption is probably no worse overall than it has been during many periods in the past. However, Thaksin opponents are gaining some attention from the public with these corruption accusations (also a staple of rabble-rouser Sondhi's attacks on the PM - reftel A). While we don't see this political issue forcing Thaksin and the Thai Rak Thai from power, as Jaruwan seems to hope, it will certainly be a headache for Thaksin, who doesn't need any more problems right now. End Comment.  
BOYCE